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Bap Incl

24 August 1954

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MEMORANDUM FOR RECORD

SUBJECT : Situation in Guatemala

The following resume was received from Guatemala at 2300 on 23 August 1954 and is furnished for your information.

1. The following conclusions, with which the Ambassador is in general agreement, are believed to represent the true picture in Guatemala although some details are still lacking:

a. The political situation is tending to worsen because Col. Carlos CASTILLO Armas shows little political sense.

b. CASTILLO apparently has discarded his followers who were with him in exile and is now surrounded by highly suspicious opportunistic elements such as Jorge GARCIA Granados, former secretary to Vicente LOMBARDO Toledano, former ambassador to the U.S., and a person well known for his Communist tendencies. CASTILLO, however, had denied that he has anything to do with GARCIA Granados and blames his presence in the Presidential Palace and closeness to the government on Col. Elfego MONZON. Nevertheless, it is known that CASTILLO has dined with GARCIA Granados and consulted him on important matters.

c. Although CASTILLO has stated directly that MONZON was responsible for the uprising on 2 August, Major Enrique OLIVA has stated that MONZON was loyal and acted correctly.

d. MONZON has stated that he is leaving on a long tour, which will include Washington, around 20 September. He stated that he realized this is an effort by CASTILLO to dispose of him, but professed his willingness to leave quietly. He also professed his hope to be able to get the government on a sound footing prior to his departure. He also stated, and to believe correctly, that he alone in the Junta has done real work in setting up the government administration, and it is known to be true that MONZON is a hard worker and knows his way around in the various government departments.

e. Meanwhile Juan CORDOVA Cerna, Domingo GONGORA, and others consider MONZON to be a menace who is trying to cut the ground out from under the anti-Communists and weaken CASTILLO. MONZON has no popularity but does have some Army support. *

All the anti-Communist groups with one minor exception have eagerly awaited the return of CORDOVA with the view that he is the only one capable of solving the situation and giving the needed political guidance.

f. Meanwhile, CASTILLO has made some military moves with political ends

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which merit consideration. On 16 August 500 soldiers from the Cuyuta region who were picked by the Comite de Estudiantes Universitarios Anti-Communista (CEUA) were incorporated into the Base Militar while 500 soldiers who could not be trusted were released. This move gives Col. LEIPRECHTMAN strong control potentially over this key military installation. At the same time, 350 picked men under Eduardo TARACENA, a CEUA leader, have been posted as the Palace Guard. Another group of 300 picked men will be placed in the Guardia del Honor on 23 August.

h. CASTILLO told us on 20 August that he needed aid immediately in obtaining two armored scout cars for the Palace Guard and was referred to the Ambassador.

i. Domingo GOICOLEA stated on 20 August that he has 900 armed men concentrating in the city who will act in whatever way necessary to ensure that the anti-Communist cause is not defrauded by the Palace or by incompetence. It is obvious that GOICOLEA is a supporter of CORDOVA. We have also checked GOICOLEA's story and it is true. More men are being armed daily.

j. CORDOVA stated on 19 August that he hopes to reach a working agreement with CASTILLO but when asked what our reaction would be if this proved impossible and it became necessary to depose CASTILLO, he was informed that it was most desirable that he and CASTILLO reach a working agreement. It is believed essential that Washington consider the possibility that CORDOVA and his followers may rise against CASTILLO as a last resort if they find it impossible to continue to collaborate with him.

k. GOICOLEA, CORZO-RIO Lira, Mario SANDOVAL, and other key anti-Communists and government figures are facing a dilemma concerning their future actions. On the one hand they do not wish to jettison CASTILLO who is still a popular hero. They consider supporting him desirable, but only up to the point where they can continue doing so without sacrificing the anti-Communist cause and their reputations. On the other hand, a break between them and CASTILLO would play into the hands of the Army and possibly the Communists unless this is accomplished by a successful movement which would control the country.

l. Available information indicates that JONSON has strong support in the western part of the country while GOICOLEA, CORDOVA, and the CEUA believe they control the eastern part including the bases at Zacapa, Cubiara, Puerto Barrios, and Jalapa.

m. Meanwhile, CASTILLO promised us that he intends to divide the Air Force between San Jose and Puerto Barrios, strengthen the garrisons at Quetzaltenango, Quiche, Zacapa to the point where they will each have two companies of 60mm mortars, two companies of 81mm mortars, and two companies of heavy weapons plus one observation plane. Each will make daily flights over the surrounding countryside. At the same time, these key bases will become centers of intensive training of anti-Communist army reserve for future eventualities.

n. A crucial meeting between CASTILLO and CORDOVA is to be held on 23 August

and we feel that the future peace of Guatemala depends on the outcome of this meeting.

2. As a suggested line of action, we believe the following should be done:

a. NIMON should be removed from the Junta and sent abroad on a diplomatic mission.

b. CASTILLO and CLIVA should invite CORDOVA to join them on the Junta while agreeing to follow CORDOVA's political plan which has the support of key anti-Communist figures occupying important positions in the government.

3. Our reasonging is that CORDOVA's addition to the Junta would offer tremendous advantages including built in checks and balances plus the propaganda value of having a civilian as a member of the Junta. If CORDOVA is a member of the Junta he could see that the program is carried out. Moreover, it would be wise that CORDOVA have responsibility as well as authority.

* Cannot see how tranquility is achievable with MIMON remaining in the Junta. The problem is how to get him out without trouble if he refuses to leave as CORDOVA, GOICOLEA, CASTILLO, and the others desire.